



Project Credit Smarts



Better businesses. Smarter consumers.

What is OCABR?

- Office of Consumer Affairs and Business Regulation
- Executive branch agency safeguarding consumers' interests in the marketplace, providing information and guidance on consumer issues such as:
 - Automobile “Lemon Law” arbitration
 - Identity theft and data security
 - Tenants' rights and responsibilities
 - Massachusetts Do-Not-Call List

Consumer advocacy and education

Regulation → Treating consumers fairly

Maintaining fair & competitive marketplace

What is Project Credit Smarts?

- Community outreach to educate students on credit-related issues
- An effort to help students make smarter decisions about managing debt, making purchases, and protecting assets from identity theft.
- Knowledge sharing on establishing good credit and repairing damaged credit

GETTING CREDIT



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What a difference a word makes

Credit card— Can use to buy things and pay for them over time. Will owe an additional percentage of what you spent (interest) and sometimes an annual fee.

Charge card— Must pay your balance in full when you get your regular statement.

Debit card—Allows access to the money in a checking or savings account electronically to make purchases.

Facts about credit cards and college students

- 200,000 students live in Boston, most away from home for the first time
- Students present great marketing opportunities for credit card companies
- Most college students are first-time credit card holders with little or no prior experience with credit-related issues
- Collectively, Boston-area students have \$533 million in credit card debt

More facts about credit cards and college students

- 38% of students chose their first credit card through a mail offer
- On average, students double the amount of credit card debt they have by the time they graduate
- Only 8% of students in the Northeast have \$0 balance on credit cards

Students with credit cards

- 84% of undergrads have at least one credit card, an increase of 5% since 2005
- 50% of undergrads have at least 4 credit cards, a 14% increase from 2005
- Average credit card debt per student: \$3,173, an increase of nearly 50% since 2005
- More than 20% of undergrads carry balances of \$3,000 or more
- 19% of all graduating seniors carry balances of \$7,000 or more

What happens when you can't pay

- Bad credit history
 - Things impacted:
 - Job prospects
 - The ability to rent an apartment
 - Future loans are jeopardized
 - Future car purchases affected
- Higher interest rate
- Late fees, penalties

Why a Credit Card Can Be a Good Idea

- Available for emergencies
 - Necessary last-minute travel
 - Expensive car repairs
- Allows you to start building a good credit history
- Earn card-based rewards
 - “Cash back,” points, miles

Before you get a card

- Don't fall for sales tactics or gimmicks like free gifts or instant discounts
- Don't grab every card offered to you
- Don't accept cards you don't really need
- Is there an annual or monthly fee?
- Is there a payment grace period?
- What fees and interest rates apply?
- Are there any fringe benefits to the card?

DO THE MATH



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It adds up

- More than two thirds of undergrads buy school supplies such as textbooks with a credit card
- If you charge \$1,000 worth of textbooks at an 18.5% rate, and pay only the monthly minimum:
 - Min. Payment = Interest + a percentage of balance, for example, 18.5% interest plus 2.5% of balance.
 - *It would take you more than nine years to pay it off*
 - *You'll accumulate another \$1000 in interest*

The cost of the minimum payment

Item	Price	APR	Interest Paid	Total of Payments	Years to Pay Off
TV	\$500	18%	\$208	\$708	4.8
Computer	\$1,000	18%	\$495	\$1,495	7.1
Furniture	\$2,500	18%	\$1,355	\$3,855	10.0
Pay More	\$2,500	18%	\$25 extra	\$3,233	4.0
Pay More	\$2,500	18%	\$50 extra	\$3,025	2.7

Credit Tips

- Pay your bill on time, and in full when possible! Late fees pile up quickly, and it may take a while to catch up.
- Credit cards are just like a loan – you have to pay what you owe, and interest accrues over time.
- Keep track of how much you spend each month—impulse purchases add up fast.
- Never lend your card to anyone. Federal law limits liability for unauthorized charges to \$50 per card.
- Save your receipts. Compare them with your monthly bill, and promptly report any problems to the company that issued the card.

Remember

- Late payments and delinquent accounts could go onto your CREDIT REPORT
- Using credit cards wisely now will help you later in life, while getting into deep credit card debt may harm your credit report and your future prospects for years to come.
- Adverse information stays on your credit report for 7 years.
- Bankruptcy follows you for 10 years.

What about that credit report?

- What's on a credit report?
 - Your bill-paying history, including late payments
 - How many accounts you have and what kind
 - The unused portions of lines of credit
 - Collections actions, outstanding debt
- Creditors look at all of these items
- Good credit takes time to build up, but can be damaged quickly





You've seen the commercials... now get America's #1* Free Online Credit Report!

See it online – print it out if you'd like!
Includes your FREE Experian® Credit Score!

*According to comScore MediaMetrix 2.0

IMPORTANT INFORMATION

When you order your free report here, you will begin your free trial membership in Triple AdvantageSM Credit Monitoring. If you don't cancel your membership within the 7-day trial period**, you will be billed \$14.95 for each month that you continue your membership.

ConsumerInfo.com, Inc. and Freecreditreport.com are not affiliated with the annual free credit report program. Under a new Federal law, you have the right to receive a free copy of your credit report once every 12 months from each of the three nationwide consumer reporting companies. To request your free annual report under that law, you must go to www.annualcreditreport.com.

When you order your free report here, you will begin your free trial membership in Triple AdvantageSM Credit Monitoring. If you don't cancel your membership within the 7-day trial period, you will be billed \$14.95 for each month that you continue your membership.

Check your Report

See who's been checking your credit. Look for potential inaccuracies and unauthorized activity.

We'll check your Experian® Equifax® TransUnion® Credit every day.

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ave you

Where you can get a credit report

YOU ARE ENTITLED TO A FREE CREDIT REPORT!

**Massachusetts and U.S. law
gives consumers access to
one free credit report per year:**

Log onto www.annualcreditreport.com
or call (877) 322-8228.

Where you can get a credit report

The three major credit reporting agencies are:

Equifax

1-800-685-1111

www.equifax.com

Experian

1-888-397-3742

www.experian.com

TransUnion

1-800-888-4213

www.transunion.com



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Getting a credit report

- If you have never applied for credit, and no one else has applied for credit in your name, you won't have a credit report.
- If you have a credit report in your name, one of three things has happened:
 - You have applied for credit and the applications were approved;
 - You have been authorized by your parents (or legal guardians) as joint account holders on one or more of their accounts; OR
 - Someone has fraudulently used your information to apply for credit and you are already a victim of identity theft.

Improving your credit

- Stick to a realistic budget
- Pay off your debts if at all possible
- Save money for the proverbial “rainy day”
- If you need credit counseling, ask what fees you will have to pay, what kind(s) of counseling you will receive
- Check with the Better Business Bureau (BBB) for any complaints against a counseling organization. Visit www.bbb.org for your state/local BBB’s telephone number.



When to contact creditors

- If you're having trouble paying your bills, contact your creditors immediately – the sooner you get in touch, the easier it is to work out a solution.
- Tell what is creating difficulty, and try to work out a modified plan that reduces your payments to a more manageable level
- Don't wait until your accounts have been turned over to a debt collection agency

TAKE ACTION IMMEDIATELY!

Keep a detailed record of your conversations, correspondence, and payment history.

Who can help

American Consumer Credit Counseling

130 Rumford Avenue, Suite 202

Auburndale, MA 02466-1371

Toll Free: (800) 769-3571 -- Local: (617) 559-5700

<http://www.consumercredit.com>

National Foundation for Credit Counseling (NFCC), Inc.

801 Roeder Road, Suite 900

Silver Spring, Maryland 20910

To locate a NFCC member agency in your area, call toll free (800) 388-2227 or go online at <http://www.debtadvice.org/takethefirststep/locator.cfm>.



PROTECTING YOUR MONEY

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Safeguarding your credit

- Never lend your credit card to anyone.
- If your ATM/credit card is ever lost or stolen, report it to the card issuer(s) **as soon as possible**, making sure to note when the card first went missing.
- If you think you are a victim of a fraud...
 - Contact your bank and/or credit card company immediately, requesting that your account be closed or monitored
 - Notify one (ANY ONE) of the three credit reporting agencies
- ***YOU CAN OPT OUT OF CREDIT CARD MAILINGS!***
Call (888) 5-OPTOUT / (888) 567-8688

Protect your identity

- Be just as vigilant with your identity as you are with your money, both online and in-person
- To protect your information when conducting business online, use passwords and change them regularly.
- When disposing of your personal information be sure to shred or cut them first.
 - Utility bills, health insurance
 - Credit card statements, bank statements, etc.
- Pay attention to billing cycles – guard your mail from theft, if you notice anything irregular, contact the USPS:
 - **U.S. Postal Service:** 1-800-275-8777, www.usps.gov



Protect your identity

If your cards, bills, or ID have been misused to open new accounts in your name, file a complaint with the Federal Trade Commission:

Toll Free: 1-877-ID-THEFT
(1-877-438-4338)

TTD: 1-202-326-2502

Or visit:

www.consumer.gov/idtheft



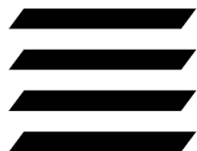
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THANK YOU!

For more information, log onto:
www.mass.gov/consumer

Consumer Hotline:

(617) 973-8787

(888) 283-3757

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